

Employment

IN NEW YORK STATE

Andrew M. Cuomo, Governor
Colleen C. Gardner, Commissioner

At a Glance

In March 2011, New York State's seasonally adjusted unemployment rate was 8.0 percent, down from February's rate of 8.2 percent. (In March 2011, the nation's unemployment rate was 8.8 percent.) In March 2011, the state had 8,584,600 nonfarm jobs, including 7,100,800 private sector jobs, after seasonal adjustment. The number of seasonally adjusted private sector jobs in the state increased by 0.1 percent in March 2011, while the nation increased by 0.2 percent. From March 2010 to March 2011, the number of private sector jobs increased by 1.4 percent in the state and by 1.6 percent in the U.S. (not seasonally adjusted). In addition, New York's Index of Coincident Economic Indicators increased at an annual rate of 3.2 percent in March 2011.

Change in Nonfarm Jobs

March 2010 - March 2011

(Data not seasonally adjusted, net change in thousands)

	Net	%
Total Nonfarm Jobs	58.8	0.7
Private Sector	93.4	1.4
Goods-producing	-19.5	-2.6
Nat. res. & mining	-0.1	-2.1
Construction	-13.5	-4.8
Manufacturing	-5.9	-1.3
Durable gds.	-4.7	-1.8
Nondurable gds.	-1.2	-0.6
Service-providing	78.3	1.0
Trade, trans. & util.	8.3	0.6
Wholesale trade	5.2	1.6
Retail trade	3.2	0.4
Trans., wrhs. & util.	-0.1	0.0
Information	1.4	0.6
Financial activities	9.4	1.4
Prof. & bus. svcs.	29.4	2.7
Educ. & health svcs.	36.8	2.1
Leisure & hospitality	21.3	3.1
Other services	6.3	1.8
Government	-34.6	-2.3

Wide Range of Industries in Long-term Decline...

The 3 Ts of Structural Change Reshape Many Industries

When was the last time you had a roll of film developed? Rented a movie at a video store? Probably it has been a while. Many firms in these (and other) industries have cut staffing due to long-term declines in demand. The workers laid off in these declining industries are victims of structural change.

Structural change refers to the permanent shift of workers from some industries to others. Three main causes of structural change (sometimes called the 3 Ts) are:

- Changing consumer tastes (e.g., the switch from print media to online news)
- International trade (e.g., the movement of textile jobs to lower-wage countries)
- Technological change (e.g., the shift in camera use from traditional film to digital to cell phones)

camera use from traditional film to digital to cell phones)

Market research firm IBISWorld recently identified 10 industries in long-term decline. Some may never bounce back, even as the overall U.S. economy recovers. In addition to the structural factors listed, some also suffer from weak consumer demand, due to the recent recession.

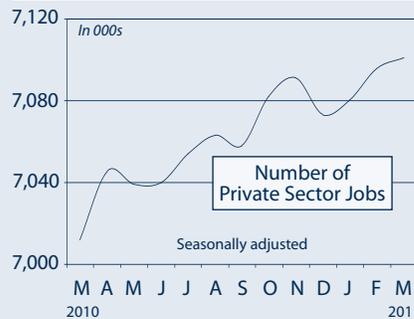
The table on page 3 lists the 10 industries from IBISWorld's report. It also shows the percent change from 2000-2010 in:

- the number of jobs in New York State
- the number of establishments in NYS
- U.S. revenue

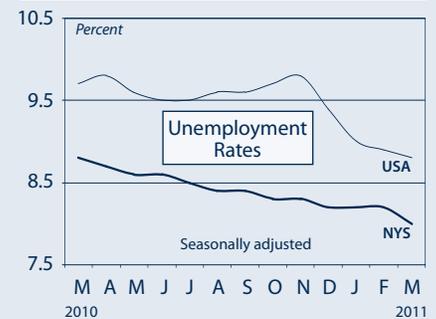
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IN MARCH...

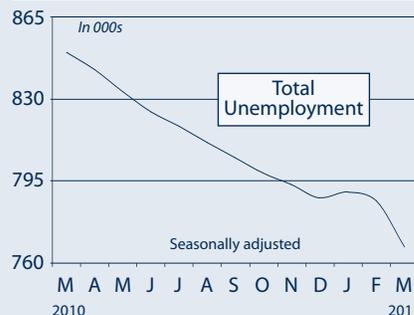
...NYS private sector jobs increased



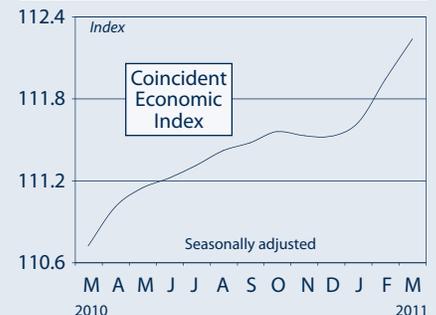
...NYS unemployment rate decreased



...NYS unemployment decreased



...NYS economic index increased



Focus on New York City

Food Production Evolves in the Big Apple

by Elena Volovelsky, Research Analyst, New York City

A strong rebound in corporate profits and tourism moved New York City's private sector into the positive zone in the first half of 2010. By March 2011, the City's private sector job count was up 49,400, or 1.6%, over the year.

In another positive sign, the City's unemployment rate continues to decline. It fell from a high of 10.0% in January 2010 to 8.7% in March 2011 (seasonally adjusted). However, the 8.7% rate is almost twice as high as the 4.6% rate in March 2008.

Educational and health services (+17,200), professional and business services (+16,600) and trade, transportation and utilities (+9,700) added the most jobs over the past year.

Only construction and manufacturing lost jobs in the City over the past year. Although construction activity increased, industry jobs still lag. Employment fell 6,800 over the last 12 months. The job count in manufacturing (-2,400) also dropped over the year.

Many economic factors drive factory job losses, including:

- Global competition
- Rising rents
- Inefficient and outdated factories
- Lack of affordable and convenient transportation choices

Food Makers Shift

Most of the recent bad news in the City's manufacturing sector has focused on food and beverage producers. In less than two years, four large food makers left the city. A.L. Bazzini Co., which

made the "official peanut of Yankee Stadium," is closing its Hunts Point plant at the end of July 2011. Other notable closings include:

- Breadstick maker Stella D'Oro
- Melba toast producer Old London Foods
- Mediterranean dips maker Sabra

As of 3rd quarter 2010 (latest data), there were 1,000+ firms in this industry in the City. They employed 15,460, and accounted for about 20% of manufacturing jobs in the City.

Production Holds Steady

Food production has been one of the more stable manufacturing industries. In the 2001 recession, total manufacturing jobs slid 19.4% between 2000 and 2002, while food production declined much less (-7.6%). In wage terms, food makers fared even better. Total wages paid out in manufacturing fell 10.2% between 2000 and 2002, but actually increased by 9.6% in food production over the same period.

During the most recent recession, food production held up even better. Between 2007 and 2010, while total factory jobs plummeted 24%, food manufacturing jobs ticked up 0.8%. As in the 2001 recession, overall manufacturing wages declined 21.2%, but wages in food production inched up by 1.4%.

Specialty Markets Grow in the Big Apple

As large factories shut down or move out of the City, those that remain tend to cater to niche markets. The City lost several large food manufacturers. But these losses were more than offset by an increase in small retail bakeries. These new



"Despite some recent bad news, food and beverage production remains one of the more stable manufacturing industries in New York City."

Colleen C. Gardner,
Commissioner

firms mostly sell to local residents and restaurants. Between 2007 and 2010, the number of retail bakeries grew by 80, and their job count grew by about 950.

Large firms dominate the U.S. food industry. By contrast, food production in New York City is scattered across many small and medium-sized operations. This makes it easier for local businesses to compete.

Over the past four quarters, the average wage in New York City's food manufacturing industry was \$47,420. This was about 10% below the overall manufacturing wage (\$52,260), and much lower than the City's private sector average of \$81,340.

Wrapping Up

New York City's food and beverage production industry continues to evolve. Over the past few years, it has absorbed a number of high-profile plant closings. However, as these larger factories shut down or moved out of the City, many smaller food makers have sprung up to take their place. These newer businesses fulfill an essential need, selling mostly to local customers. ■

The 3 Ts... from page 1

Industry Analysis

The 10 industries cited by IBISWorld employed more than 81,000 New Yorkers in 2010. Over the decade, their overall job count fell more than 44% in the state. Half of these 10 industries lost at least 60% of their jobs. This includes three that fell more than 70%. The total number of establishments in the state was down 37%. U.S. revenues declined 54% for the group as a whole over the decade.

Among IBISWorld's 10 industries, wired telecommunications had, by far, the most jobs in New York State in 2010. It also had the smallest decline in jobs (-23.1%) in 2000-2010. Alas, the struggle is not over. About 25% of U.S. households have a

cell phone, but no landline phone. Among people ages 25-29, about half have cell phones only. The industry also took a hit from the rapid growth of Voice over Internet Protocol (VoIP) services (e.g., Skype). These allow users to make voice calls and conduct video chat over the Internet.

The second largest industry -- newspaper publishing -- also faces long-term challenges. The recession took a bite out of sales and advertising revenue. Over the longer term, the rapid growth of free content online has hurt papers. To make money from its more than 30 million Internet users each month, the New York Times recently began charging online readers who view more than 20 articles per month.

Apparel manufacturing and textile mills have lost many jobs as firms moved manufacturing offshore to lower-wage nations. Most losses in these two industries have occurred already, according to IBISWorld. Thus, they expect fewer firms to make the move in the next few years.

Over the past decade, digital cameras and camera cell phones have overtaken traditional film photography. Given the larger storage capacities on personal computers or online services, there is much less need to print digital files. This led to a steep drop in U.S. film processing sales (-59.3%) in 2000-2010. Underscoring the switch from film to digital technology is the steep drop-off in

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Unemployment Rates in New York State

Data Not Seasonally Adjusted

	MAR '10	MAR '11		MAR '10	MAR '11		MAR '10	MAR '11
New York State	9.1	8.0	Hudson Valley	7.9	7.1	Finger Lakes	8.8	7.8
Capital District	8.0	7.4	Dutchess	8.2	7.7	Genesee	9.0	8.0
Albany	7.1	6.8	Orange	8.6	7.8	Livingston	10.2	8.9
Columbia	8.3	7.9	Putnam	7.1	6.5	Monroe	8.2	7.3
Greene	9.2	8.8	Rockland	7.3	6.5	Ontario	8.9	7.9
Rensselaer	8.5	7.7	Sullivan	10.5	9.7	Orleans	10.7	9.8
Saratoga	7.4	6.9	Ulster	8.6	8.1	Seneca	9.0	8.1
Schenectady	8.0	7.4	Westchester	7.6	6.7	Wayne	10.1	9.1
Warren	10.4	9.6	Mohawk Valley	9.3	9.1	Wyoming	11.4	9.5
Washington	9.3	8.3	Fulton	11.0	10.7	Yates	7.8	7.3
Central New York	9.3	8.4	Herkimer	10.3	9.7	Western New York	9.3	8.2
Cayuga	9.8	8.4	Montgomery	10.9	10.6	Allegany	9.8	9.3
Cortland	10.3	9.4	Oneida	8.2	8.3	Cattaraugus	9.7	9.0
Madison	9.4	9.2	Otsego	8.6	8.1	Chautauqua	9.9	8.2
Onondaga	8.5	7.4	Schoharie	11.0	10.6	Erie	8.8	7.9
Oswego	11.6	11.0	North Country	11.0	10.6	Niagara	10.5	9.0
Southern Tier	9.1	8.1	Clinton	10.9	10.4	Long Island	7.8	7.1
Broome	9.6	8.5	Essex	11.2	10.3	Nassau	7.3	6.6
Chemung	9.3	8.0	Franklin	10.3	9.3	Suffolk	8.1	7.5
Chenango	10.5	9.1	Hamilton	12.0	10.7	New York City	10.0	8.4
Delaware	9.8	8.8	Jefferson	11.0	10.9	Bronx	13.3	11.7
Schuyler	10.3	9.3	Lewis	11.4	11.1	Kings	10.6	9.1
Steuben	10.9	10.0	St. Lawrence	11.2	10.9	New York	8.5	6.8
Tioga	9.2	8.1				Queens	9.2	7.6
Tompkins	5.9	5.4				Richmond	9.0	7.7

The 3 Ts... from page 2

Trends in Selected Industries Affected by Structural Change

Industry	NYS Jobs*, 2010	% Change, 2000 - 2010:		
		NYS Jobs	NYS Establishments	U.S. Revenue
Wired Telecommunications Carriers	40,570	-23.1%	22.1%	-54.9%
Newspaper Publishing	19,080	-32.9%	-1.5%	-35.9%
Apparel Manufacturing	9,850	-63.9%	-58.6%	-77.1%
Textile Mills	2,920	-74.4%	-63.6%	-50.2%
Video Postproduction Services	2,460	-32.6%	21.1%	-24.9%
Photofinishing	2,270	-62.2%	-66.7%	-69.1%
DVD, Game and Video Rental	2,080	-75.7%	-55.7%	-35.7%
Record Stores	1,360	-79.2%	-58.9%	-76.3%
Manufactured Home Dealers	570	-47.1%	-29.7%	-73.7%
Formal Wear & Costume Rental	400	-62.3%	-44.6%	-35.0%
Total, All Industries Above	81,560	-44.4%	-36.5%	-54.3%

Note: *Third quarter

Sources: Quarterly Census of Employment and Wages; IBISWorld

Eastman Kodak's job count in Rochester, where much of the company's film was produced. After peaking at more than 60,000 workers in 1982, their local job count fell to under 8,000 in 2011, according to published reports.

Foot traffic in brick-and-mortar video and record stores has slipped as more people shop from home. Over the last decade, the job count in these two industries plunged more than 75%

in New York State. Of the largest video rental chains, Hollywood Video shut down and Blockbuster declared bankruptcy. Many link this decline to the growth of \$1 per night DVD-rental kiosks, mail-order rental services, and the introduction of streaming movies online.

Likewise, U.S. sales at record stores plummeted more than 75% in 2000-2010. At the same time, music downloads (e.g., Apple's iTunes service)

gained favor. In 2010 alone, CD sales dropped 21%, while total digital music revenue grew 10%, according to the Recording Industry Association of America. Industry giants like Tower Records and Virgin Megastore are long gone. A recent survey found only 69 record stores left in New York City.

Summing Up

One or more of the 3 Ts have hurt all of the industries listed here, to some degree. Clearly, most of these industries face long-term challenges. However, not all firms within them will shut down. As conditions stabilize, some industries will consolidate. Then, some surviving firms may exploit the market shifts to their advantage. ■

by Kevin Jack

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REGIONAL ANALYSTS' CORNER

CAPITAL DISTRICT

James Ross — 518-462-7600

From March 2010 to March 2011, the number of private sector jobs in the Albany-Schenectady-Troy metro area rose 3,100, or 1.0 percent, to 327,500. Job gains were concentrated in professional and business services (+2,300), educational and health services (+2,100), and leisure and hospitality (+1,000). Job losses were centered in trade, transportation and utilities (-1,800) and manufacturing (-400).

CENTRAL NY

Roger Evans — 315-479-3388

For the 12-month period ending March 2011, the private sector job count in the Syracuse metro area rose 2,800, or 1.1 percent, to 251,400. Job growth was concentrated in educational and health services (+1,600), professional and business services (+600), trade, transportation and utilities (+600), and leisure and hospitality (+400). Job losses occurred in manufacturing (-1,100).

FINGER LAKES

Tammy Marino — 585-258-8870

Private sector employment in the Rochester metro area rose over the year by 4,800, or 1.2 percent, to 418,300 in March 2011. Job gains were largest in educational and health services (+3,200), professional and business services (+2,800), construction (+400), other services (+400) and trade, transportation and utilities (+400). Losses occurred in manufacturing (-1,600) and leisure and hospitality (-500).

HUDSON VALLEY

John Nelson — 914-997-8798

From March 2010 to March 2011, the number of private sector jobs in the Hudson Valley increased 5,200, or 0.7 percent, to 707,000. Job gains were largest in professional and business services (+2,600), leisure and hospitality (+2,500), and educational and health services (+1,900). Employment losses were centered in natural resources, mining and construction (-1,300) and manufacturing (-700).

LONG ISLAND

Michael Crowell — 516-934-8537

The private sector job count on Long Island rose over the year by 10,300, or 1.0 percent, to 1,002,200 in March 2011. Job gains were centered in educational and health services (+6,500), leisure and hospitality (+3,400), trade, transportation and utilities (+2,800), and other services (+1,800). Losses were greatest in natural resources, mining and construction (-3,000), manufacturing (-1,300) and information (-1,000).

MOHAWK VALLEY

Mark Barbano — 315-793-2282

For the 12-month period ending March 2011, the private sector job count in the Utica-Rome metro area decreased 900, or 1.0 percent, to 92,500. Job gains occurred in leisure and hospitality (+300). Employment losses were centered in trade, transportation and utilities (-900) and information (-200).

NEW YORK CITY

James Brown — 212-775-3330

Private sector employment in New York City rose by 49,400, or 1.6 percent, to 3,164,200 for the 12-month period ending March 2011. Job growth was greatest in educational and health services (+17,200), professional and business services (+16,600), trade, transportation and utilities (+9,700), and financial activities (+9,100). Losses were centered in natural resources, mining and construction (-6,800) and manufacturing (-2,400).

SOUTHERN TIER

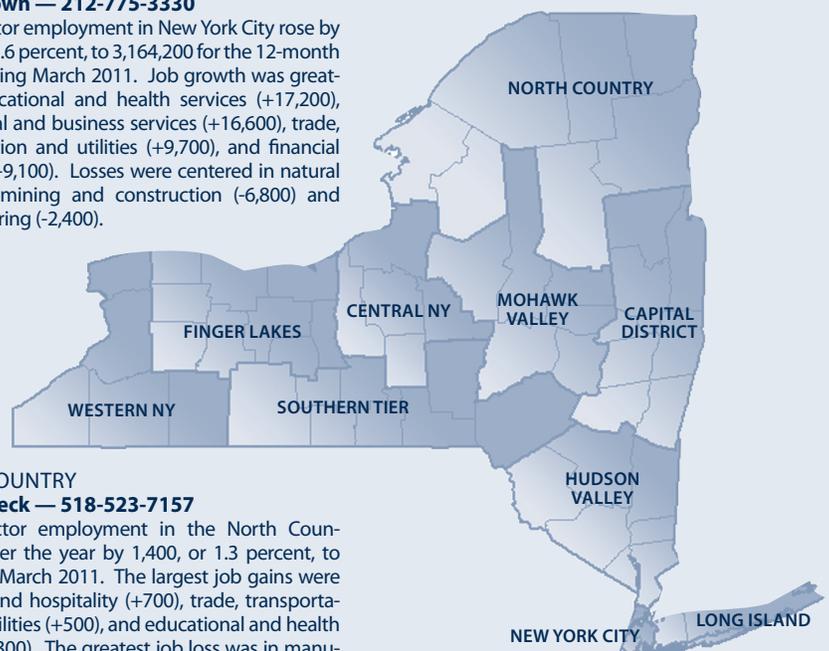
Christian Harris — 607-741-4485

Private sector employment in the Southern Tier increased over the year by 1,300, or 0.6 percent, to 225,900 in March 2011. Job gains were largest in manufacturing (+600), trade, transportation and utilities (+400), leisure and hospitality (+300), and professional and business services (+300). Job losses were greatest in financial activities (-200) and other services (-200).

WESTERN NY

John Slenker — 716-851-2742

For the 12-month period ending March 2011, the private sector job count in the Buffalo-Niagara Falls metro area increased by 3,800, or 0.9 percent, to 436,000. Job gains were centered in trade, transportation and utilities (+2,500), professional and business services (+1,200), and educational and health services (+1,100). Losses were greatest in financial activities (-400) and information (-400).



NORTH COUNTRY

Alan Beideck — 518-523-7157

Private sector employment in the North Country rose over the year by 1,400, or 1.3 percent, to 109,000 in March 2011. The largest job gains were in leisure and hospitality (+700), trade, transportation and utilities (+500), and educational and health services (+300). The greatest job loss was in manufacturing (-200).